KEY POINTS AND RESOURCES ON CASINO IMPACTS

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KEY POINTS AND RESOURCES ON CASINO IMPACTS

TAX REVENUES:

From Briefing by Dr. Lucy Dadayan from the Urban Institute at a February 2024 webinar hosted by New York State Senator Elizabeth Kreuger. https://bfc-demo.s3.amazonaws.com. Briefing slides at: http://www.lizkrueger.com/wp-content/uploads/2024/02/Dadayan_NYC_Krueger_FINAL.pdf

- Gambling expansion is understandably appealing to officials wishing to raise revenue without raising taxes, but the long-term revenue is uncertain and potential economic and social costs likely will outweigh the casino tax revenues.
- In the long run, growth in state revenues from gambling activities slows or even reverses and declines.
- Casinos are not a bonanza for state or local budgets. Revenues are volatile and
 can deteriorate or decrease over time. Revenues received by state and local
 governments are relatively small.¹ They are not going to fund your education
 budget...or other critical social services... If revenues from a casino are intended
 to support part of the overall budget, gaps may emerge in future years. Gambling
 is not a solution to the never-ending quest to balance the budget.

From Economic Brief for the Federal Reserve Bank of Richmond, authored by Adam Scavette, dated July 2022: Casinos and Regional Economies: Has the Game Changed? https://www.richmondfed.org/publications/research/economic_brief/2022/eb_22-28.

- Despite tax revenues being a major motivator for state legalization of casinos, there is little evidence that they boost state taxes.
- The job gains from casino development are limited to those in lower density areas that lack nearby casinos.

¹ Most researchers estimate that the tax revenues for Fairfax County are likely to be between \$40-60 Million/year. By contrast, Fairfax County's adopted FY 2025 budget estimates General Fund Revenues of \$5.44 Billion; \$2.81Billion of these revenues are allocated to the schools.

From Analysis of Data Collected by Virginia and other states regarding casino tax

revenues. VA: <a href="https://www.valottery.com/aboutus/casinosandsportsbetting/casinosandsportsbetti

MD: https://www.mdgaming.com/marylands-casinos/revenue-reports/

All States: : http://www.lizkrueger.com/wp-

content/uploads/2024/02/Dadayan_NYC_Krueger_FINAL.pdf

- Virginia currently has three operating casinos, with the first coming online in 2022 and the second two in 2023.
- Revenue data compiled by the Virginia State Lottery is very limited since the casinos have only been in operation for two years. While the data show some growth in NOMINAL terms, they also show fluctuations.
- For a better understanding of the longer-term revenue patterns that are likely for Virginia, it is instructive to look at the longer-term patterns for other casinos in other states (particularly Maryland and Pennsylvania)

LOCAL ECONOMY

From Study by Dr. Jonathan Krutz, Emeritus Professor at Boise State University's College of Business and Economics, <u>Do Casinos Create Economic Development?: A 15-Year National Analysis of Local Retail Sales and Employment Growth.</u>

https://doi.org/10.18122/td.1939.boisestate.

- Casinos do not grow economies. They do not attract new money to an area but instead cannibalize existing businesses, leaving the local economy, at best, no better off than before.
- From 2002-2017, there was little evidence that casinos boosted retail growth and evidence than employment grew at a slower rate in casino economies than in non-casino economies.
- Key findings
 - Casinos do not boost retail sales. Areas with casinos had similar retail sales growth rates as areas without casinos.
 - Casinos hurt retail sales in a recession: Casino areas had a two-to-three times <u>lower</u> retail sales growth rate during the Great Recession (2007-2012) than non-casino areas.
 - Casinos reduce employment: Casino areas had a <u>lower</u> average employment growth rate than non-casino areas from 2002-2017

From Presentation by Dr. John Kindt, Professor Emeritus of Business and Legal Policy at University of Illinois at Urbana-Champaign, <u>Key Facts on How Commercial Gambling Hurts Our Economy, delivered at April 2023 National Stop Predatory Gambling Conference</u>. https://youtu.be/1AaNCEy8Sok?si=h8ksapxyFDYRtzk.

- For every \$1 in tax revenues, the costs of gambling are \$3-12.
- In 1990, economic, government, business and law professors advised Illinois Governor Jim Thompson that gambling is nothing more than legalized fraud that results in: (A) New addicted gamblers, particularly kids; (B) Bankruptcy increases of 18-42%; and (C) Crime increases of 10% each year/every year; these conclusions still stand.
- University of Nevada Las Vegas professors found that: "Around gambling facilities, people spend 10% less on food, 25% less on clothing, and that 37% have raided their bank accounts."

From Study by Dr. Earl L. Grinols, "Gambling in America," (Cambridge University Press 2006).

 The costs of hosting a casino in a community that previously did not have a casino outweigh the benefits by a factor between 3.9:1 and 6.3:1.²

- the costs associated with addressing and mitigating the increase in crime (apprehension and increased police costs, adjudication (criminal and civil justice costs), incarceration and supervision costs)
- business and employment costs borne by the employer, the employee, and society, including lost productivity on the job because of reduced performance and lost time and unemployment due to gambling addiction;
- o costs associated with increased bankruptcy rates, including increased diversion of resources to lawsuits, legal costs and bill-collection, among problem and pathological gamblers;
- o costs associated with the increases in the number of suicides and attempted suicides among problem and pathological gamblers,
- increased treatment costs associated with the increases in illness including depression, stressrelated illnesses, chronic or severe headaches, anxiety, moodiness, irritability, intestinal disorders, asthma, cognitive distortions, and cardiovascular documented to occur among problem and pathological gamblers;
- o increased social service costs, including for therapy/treatment and unemployment and other social services such as welfare and food stamps;
- o increased government direct regulatory costs;,
- increased family costs, such as those associated with addressing child neglect /abuse and divorce/separation and
- o increased "abused dollars" (lost gambling money acquired from family, employers, or friends under false pretenses.

 $^{^2}$ Benefits are primarily additional gross tax revenues and profits to the casino owners and investors. Included in the cost calculation are the following:

EMPLOYMENT

Salaries

From Indeed.com website, including data for MGM's National Harbor casino.

https://www.indeed.com/cmp/Mgm-National-

Harbor/salaries#:~:text=Average%20MGM%20National%20Harbor%20hourly,in%20the %20past%2036%20months.

- The average MGM National Harbor salary ranges from approximately \$30,000 per year for Room Attendant to \$66,701 per year for Supervisor. Average MGM National Harbor hourly pay ranges from approximately \$19.00 per hour for Front Desk Agent to \$28.00 per hour for Floor Supervisor. Salary information comes from 15 data points collected directly from employees, users, and past and present job advertisements on Indeed in the past 36 months.
- In Virginia, average Safeway hourly pay ranges from approximately \$12.00 per hour for Janitor to \$23.00 per hour for Meat Manager.
- The Watermark Hotel in Tysons is advertising hourly wages of \$18.50 for a Front Desk Agent, and \$17.50 for a Room Attendant.

Salaries Vs. Cost of Living

From 2019 JLARC study. https://jlarc.virginia.gov/landing-2019-gaming.asp

- The 2019 JLARC study projected that the median wage for casino employees is \$33,000. This figure is consistent with the U.S. Bureau of Labor Statistics, which estimates that the mean wage for gambling dealers nationwide is \$34,350, while the median wage is \$29,120.
- This level of compensation would hardly cover basic expenses and offer workers a secure future in Fairfax County, where the median income was about \$145,000 per household and about \$65,000 per individual, according to census and other data provided by Fairfax County.

Job Security/Turnover

From 2019 JLARC study. https://jlarc.virginia.gov/landing-2019-gaming.asp

 The turnover rate for casino workers can be as high as 70% to 80%, suggesting deep job dissatisfaction and perhaps intrinsic problems within the work culture.

Other Factors

- Casinos are open 24/7 so working in a casino means shift work.
- Casinos allow smoking so workers are subject to smoke at work. Under Virginia's Clean Air Act, (§ 15.2-2825(A)(7)), smoking is allowed in any part of a casino, except for associated restaurants.
- Health advocates warn that ventilation and air cleaning systems do not adequately control or reduce the health risks of secondhand smoking. Employees directly exposed to secondhand smoking on the casino floor, therefore, are at heightened risk of serious respiratory illnesses and other negative health impacts.
- Other occupational health hazards unique to gaming environments include the conflicting dual role of workers having to encourage patrons to gamble and knowing that gambling subjects patrons to significant losses.
- Because alcohol is served without limits, casino workers face increased potential
 for sexual harassment, verbal and physical aggression from patrons. Research
 also shows that casino workers are at much greater risk of problem or pathological
 gambling and drinking, which carries profoundly negative consequences for
 workers' livelihood.

HOME VALUES

From the National Association of Realtors 2013 study, <u>Economic Impact on Home Prices Literature Survey and Issue Analysis</u>

https://onedrive.live.com/?cid=45D7F3B77D339052&id=45D7F3B77D339052%219394&parId=45D7F3B77D339052%212699&o=OneUp

• In general, externalities of congestion and other social costs appear to have a negative impact on home values in the immediate area of a casino, resulting in a decrease in property values of anywhere between 4% and 10% depending on distance from the casino.

CRIME

From Presentation by Dr. John Kindt, Professor Emeritus of Business and Legal Policy at University of Illinois at Urbana-Champaign, Key Facts on How Commercial Gambling Hurts Our Economy, delivered at April 2023 National Stop Predatory Gambling Conference.

https://youtu.be/1AaNCEy8Sok?si=h8ksapxyFDYRtzk.

• Crime in locales hosting casinos have increased about 10% each year/every year.

From Study by Economists Grinols and Mustard, published by MIT, <u>Casinos, Crime and Community Costs</u>, The Review of Economics and Statistics, February 2006, 88(1): 28–45

- Most factors that reduce crime occur before or shortly after a casino opens, whereas those that increase crime, including problem and pathological gambling, occur over time. The results suggest that the effect on crime is low shortly after a casino opens and grows over time.
- Overall, 8.6% of property crime and 12.6% of violent crime in counties with casinos are due to the presence of the casino.
- Using data from every U.S. County from 1977 to 1996 and controlling for over 50 variables to examine the impact of casinos on the seven FBI Index I crimes (murder, rape, robbery, aggravated assault, burglary, larceny, and auto theft), the study concluded that casinos increased all crimes except murder, the crime with the least obvious connection to casinos.
- Problem and pathological gamblers commit crimes as they deplete their resources, nonresidents who visit casinos may both commit and be victims of crime, and casino-induced changes in the population start small but grow.
- When law enforcement measures are factored into the analysis, between 5.5% and 30% of the different crimes in casino counties can be attributed to casinos. This translated into a social crime cost associated with casinos of \$75 per adult in 1996. This figure does not include other social costs related to casinos, such as crime in neighboring counties, direct regulatory costs, costs related to employment and lost productivity, and social service and welfare costs.
- Counties that neighbor casino counties did not experience compensating crime reductions, indicating that crime was created in casino counties, rather than simply being shifted from one area to another. There is mixed evidence about

whether casino openings increase neighbor-county crime rates. Murder rates in neighbor counties are unaffected. The other offenses exhibit increasing neighbor rates but are generally not statistically significant until the fourth and fifth year after opening.

From selected ABC7 News Reports at

https://wjla.com/search?find=crime%20national%20harbor

- MAY 3 ABC 7 Report: Over the past year, crime has increased at National Harbor by 108%. Recent incidents include an attempted armed carjacking and stabbing outside the casino and masked men fleeing the casino after seizing gaming chips.
- May 11 ABC7 Report; updated May 13: Police are investigating a deadly early
 morning shooting in the parking lot of the MGM National Harbor Hotel and Casino.
 Police believe a fight between the suspect and victim ensued before shots rang
 out. Now, some are asking what more can be done to deter crime at the National
 Harbor.
- August 24 ABC7 Report: A robbery occurred at the MGM National Harbor Hotel & Casino Saturday afternoon, according to the Prince George's County Police Department.

From Crime Statistics Data Provided by Prince Georges County, Maryland Police Department. https://youtu.be/227Su3rvedA

- MGM National Harbor casino opened its doors on December 8, 2016.
- Within a 2-mile radius of the casino, from December 8, 2016-December 31, 2019:
 - o The number of offenses reported went from 17 to 2506, a 14,641% increase.
 - There was a 600% increase in the variety of offenses reported, going from simple assault and sex offenses to DUI, drugs and narcotics, theft, carjackings, prostitution, weapons violations.

RISKY BEHAVIORS/IMPACTS

From a Report by the Council on Casinos archived on Stop Predatory Gambling website.

https://www.stoppredatorygambling.org/wp-content/uploads/2021/10/2013-Why-Casinos-Matter-FINAL.pdf

• Evidence from the health and social sciences suggests that the "new American casinos are associated with range of negative health, economic, political,

intellectual, and social outcomes. For this reason, we view state sponsorship of casino gambling as a regressive and damaging policy."

From a 2005 Study by the University of Buffalo's Research Institute on Addictions. https://www.buffalo.edu/news/releases/2005/06/7369.html

• Living within 10 miles of a casino increases a person's odds by 90% that they will become a problem gambler. The likely reason for the increase is that the availability of an attractive gambling opportunity can lead to gambling pathology in some people who would otherwise not develop it.

From a 2000 Study by authors for Georgetown and Purdue universities, archived on Stop Predatory Gambling website. https://stoppredatorygambling.org/wp-content/uploads/2012/12/The-Impact-of-Casino-Gambling-on-Personal-Bankruptcy-Filing-Rates.pdf

- The proximity of casino gambling appears to be associated with higher bankruptcy rates.
- Counties with gambling had a bankruptcy filing rate 18% higher than those without.

From National Gambling Impact Study Commission Report, June 1999, https://govinfo.library.unt.edu/ngisc/reports/fullrpt.html

• The prevalence of problem and pathological gamblers doubles within 50 miles of a casino.

From Study by University of Buffalo's Research Institute of Addiction, 2005.

https://www.buffalo.edu/content/dam/www/ria/ES/ES3Gambling.pdf; also https://www.buffalo.edu/cria/news_events/es/es3.html

- Individuals who live within 10 miles of a casino are more likely to experience problem gambling.
- A casino within 10 miles of home has a significant effect on problem gambling and is associated with a 90 percent increase in the odds of being a pathological or problem gambler.

From a 2022 Report by the American Gaming Association on human trafficking in the gambling industry. https://www.americangaming.org/wp-content/uploads/2022/06/AGA-Preventing-and-Combating-Human-Trafficking-in-the-Gaming-Industry.pdf

 "Hospitality venues like casinos are used by traffickers to set up and conduct meetings or seek out potential buyers. Most of the victims are women and young girls; however, men and young boys also find themselves in these coercive scenarios and should not be overlooked."

From the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-5-TR). https://www.psychiatry.org/psychiatrists/practice/dsm

- Gambling disorder is identified by a pattern of repeated and ongoing betting and wagering that continues despite creating multiple problems in several areas of an individual's life.
- Individuals in any age group may suffer from gambling disorder. Those who suffer from gambling disorder have trouble controlling gambling. Individuals, families, and society may be affected by gambling disorder.
- Gambling disorder is listed in the September 2024 edition of the DSM (DSM-5-TR) within the "Substance-Related and Addictive Disorders" category.³, meaning it is officially recognized as a behavioral addiction.

From reporting by the Virginia Mercury newspaper

https://virginiamercury.com/2024/09/03/how-virginia-is-addressing-the-dark-side-of-gambling/

- The expansion of casinos and rise of online gambling platforms have sparked growing concerns about problem gambling, particularly among the state's younger population.
- As gambling options become more accessible, experts warn that the number of young people falling into addiction is on the rise, leading to severe financial, emotional, and social consequences.
- In remarks to a meeting of the Joint Subcommittee to Study the Feasibility of Establishing the Virginia Gaming Commission in Richmond, Brianne Doura-Schawohl, the former VP of U.S. Policy and Strategic Development for global harm prevention consultancy EPIC Risk Management and now head of Doura-Schawohl Consulting LLC stated that:
 - Problem gambling is not just a personal problem, it's a family, community and state problem. One individual that struggles with gambling-related harm negatively impacts eight to 10 other individuals.
 - About 5% of people who actively gamble will suffer from problematic gambling at some point.

³ The significance of this categorization is that the APA is categorizing gambling disorder in the same category and as addictive as opioid, cocaine, heroin, and drug addiction.

- o Biological, psychological and sociological factors feed into this.
- Dr. Carolyn Hawley, the president of the Virginia Problem Gambling Council, Director of the Virginia Partnership for Gaming and Health (VPGH). and an associate professor in mental health counseling at Virginia Commonwealth University's School of Allied Health Professions, stated that
 - We are seeing "a huge demographic shift where people right at the beginning of their careers are now being devastated by developing a gambling disorder.
 - The impact that problem gambling has on people, on their families, on their work, and on their schools is significant.
 - When you get people this early in their lives that are experiencing this condition, it's such a setback.

From September 30, 2024 presentation by Dr. Carolyn Hawley at webinar hosted by the Suicide Prevention Alliance of Northern Virginia (SPAN), An Exploration of Problem Gambling and its Association with Suicides and Suicidality.

(https://drive.google.com/file/d/1LOTGJkjS4YQcBLGBZBqjevnw_HD4Qin7/view)

- Problem gambling has increased 125% in Virginia since 2019.
- People with gambling problems are trending male, younger and developing the problem faster than before 2019.
- Only 7-10% of problems gamblers will seek treatment.
- Nationally, the percentage of problem gamblers range between 0.4 and 4%.
- Among problem gamblers, suicide ideation is 31.6% and suicide attempts is 3.6%
- There are 107 gambling treatment programs in the Commonwealth of Virginia. (This is 1.22 for every 100,000 people in the Commonwealth based on population estimates as of 7.1.23.)
- There are no federal funds for research or treatment for gambling disorders.

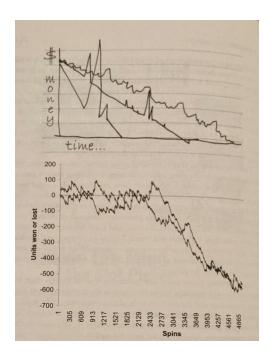
From University of Massachusetts Report (Oct. 24, 2024).

https://www.umass.edu/seigma/documents/2024-social-and-economic-impacts-casino-introduction-massachusetts. Also, https://www.umass.edu/public-health-sciences/news/report-summarizes-decade-gambling-research

• The percentage of casino revenue derived from problem and at-risk gamblers was 90 % in 2021-2022.

From Study by Professor Natasha Dow Schull, <u>Addiction by Design: Machine</u> Gambling in Las Vegas, Princeton University Press, 2012

• The longer a gambler gambles or the greater the number of times a gambler plays a game, the more the gambler loses. First graph below demonstrates decline in bankroll of gambler over time for three different games. Second follows two gamblers from their first bet through 5,000 spins and illustrates the "churn" by which funds are gradually eroded over time. Assuming bets of \$3 per spin, the average loss for each gambler at the end of the play period is \$900.



From Interview with Warren Buffet in April 2010 when Nebraska was considering authorizing gambling

https://www.youtube.com/clip/UgkxGlno3QuZElA6y6ACTqEGBOHfPzSLX7Qj

- "[Gambling is] a selling of a hope... I think it's very cynical ... to sell false hopes..."
- "... Take a million people and 50 of them or 30 or some number out of that million are going to change their circumstances dramatically for the better but you're going to have the other 999 thousand plus who are going to lose the ability to take their family to a movie, to buy a toy for their kid at Christmas, or worse yet become an addict and lose everything they have including their self-respect and, you know, break up their family. I just think that's a terrible trade-off."

From transcript of a Charlie Rose Interview with Steve Wynn, disgraced former owner of Wynn Casinos, archived by Stop Predatory Gambling.

https://stoppredatorygambling.org/wp-content/uploads/2012/12/Charlie-Rose-Interviewing-Steve-Wynn-Transcript.pdf

• "The only way to win in a casino is to own one."

From an October 7, 2024 Statement by Bishop Michael Burbidge on The Walk Humbly Podcast, as reported by The Patch on October 7, 2024.

- "... games of chance become morally unacceptable when they deprive someone of what is necessary to provide for his needs and those of others,..."
- 'The key point of the Catechism, which is the collected tenets and beliefs of the Catholic Church, was that the passion for gambling risks becoming an enslavement and addiction was a threat to one's freedom."
- "I'm only one voice, but I don't see the need for casinos in Northern Virginia,

From an October 16, 2024 Statement by Tom Shakely, Chief Communications Officer for the Catholic Diocese of Arlington, as reported by The Patch on October 17, 2024.

• "As Bishop Burbidge observed in his recent Walk Humbly Podcast episode, and as the Catechism of the Catholic Church teaches, what may begin as a simple passion for gambling or sports betting may over time become an enslavement. As gambling and sports betting have become commonplace in America, bishops and priests have been among the nation's first responders in working to address the familial, financial, and spiritual wounds that many experience as a consequence of gambling and sports betting addiction. Addiction is always a threat to our freedom, and this is particularly true for addiction to forms of gambling that may risk our financial health and wellbeing or that of our families."

EDUCATION

Funding

From Briefing by Dr. Lucy Dadayan from the Urban Institute at a February 2024 webinar hosted by New York State Senator Elizabeth Kreuger. https://bfc-demo.s3.amazonaws.com. Briefing slides at: http://www.lizkrueger.com/wp-content/uploads/2024/02/Dadayan_NYC_Krueger_FINAL.pdf

• Revenues received by state and local governments from taxes paid by casinos are relatively small. They are not going to fund your education budget or other critical social services.

From an Op Ed in the Connection on February 6, 2024 by BOS Chairman Jeff McKay and School Board Chairman Karl Frisch

 "Virginia's funding of local schools is based on an outdated formula that results in chronic underfunding by the state... In Fairfax County...our local government provides 69% of the school system's budget... The state's formula under calculates the true cost of education by \$6.6 billion; that's \$1.2 billion for Fairfax County Public Schools alone."

From remarks by Senator Dave Marsden on February 6, 2024 before the Virginia Senate Finance and Appropriations Committee

• "We've (Fairfax County) have lost 10 points on our LCI score. We're starting to take more money from the State pie. I want to reverse that [by putting a casino in Tysons and reducing the amount of money Fairfax takes from the State pie]..."

Effect on Other Revenue Sources for Funding Schools

Casinos are not a stable revenue source for schools (or any other County activity) and may, in fact, depress overall County revenues available to fund education.

- Many casino economies that rely on gambling tax to pay for education are hurting. (E.g., when a couple of high rollers left MGM National Harbor, their quarterly revenue dropped 12%.)
- Property value goes down because of proximity to the casino. Decreased property value leads to decreased property tax revenues and thus less money for education.
- Over time, gambling decreases the local tax base, causing even less tax money to be collected – unless the local tax rate is increased.
- Gambling is an addictive activity that shifts spending for groceries, services, retails, entertainment, etc., to the casino... When people stop shopping, retail taxes will decrease.
- When businesses shut down or move out of town because of the casino, there's less tax money collected. When people lose their jobs, there's less income tax.

Effect on Students

From Interview with Warren Buffet in April 2010 when Nebraska was considering authorizing gambling

https://www.youtube.com/clip/UgkxGlno3QuZElA6y6ACTqEGBOHfPzSLX7Qj

• "...every Nebraskan will have a chance to say what kind of a state they want to craft for their children... in the process they're teaching their children something about the kind of state they want to have, they're teaching about what government should be all about and you know that's what we have a democracy for."

TRAFFIC

From Fairfax County, Prince George County and Atlantic City data

- About 10,000+ additional cars were on Prince George's roads on a daily basis when the MGM casino opened.
- About 65 PG County police officers and one helicopter were designated to monitor traffic intersections when MGM National Harbor Casino opened. By comparison, there are 22 officers in the Tysons Urban Team (designated to Tysons Corner Mall).
- The costs of improving roads and taking traffic mitigation measures to mitigate additional traffic from a Fairfax County casino have not been estimated by the County. However, Tysons 40-year transportation bill, for projects initially approved in 2010, before anyone envisioned a 24/7 Tysons casino, was estimated at over \$2B in 2021.
- In Atlantic City, a much less congested area than Tysons pre-casinos, it cost \$24M for new paved roads and sidewalks and synchronized streetlights.